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**FISCAL IMPACT STATEMENT**

**LS 6148**

**BILL NUMBER: SB 91**

**NOTE PREPARED: Feb 3, 2014**

**BILL AMENDED: Feb 3, 2014**

**SUBJECT:** Education standards.

**FIRST AUTHOR:** Sen. Schneider

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED: X GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill has the following provisions:

*College and Career Readiness Educational Standards:* This bill adds a definition of "college and career readiness". It provides that before July 1, 2014, the State Board of Education (State Board) shall adopt Indiana college and career readiness educational standards. It provides that academic standards adopted prior to July 1, 2014, are void on the earlier of: July 1, 2014; or, the date academic standards are adopted.

*College and Career Readiness Assessments:* The bill provides that during the 2015-2016 school year, the State Board shall authorize the department to administer either the ISTEP assessment or a comparable assessment program that is aligned with the educational standards. It provides that before the State Board may authorize a new assessment program, the State Board shall submit the proposed assessment program to the Budget Committee for review.

The bill also makes technical and conforming amendments.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** *College and Career Readiness Educational Standards:* The cost of developing college and career readiness educational standards would be met within existing budgets. This process is currently taking place and a draft of the new academic standards is expected to be presented to the Education Roundtable in March 2014 and to the State Board for approval in April 2014.

(Revised) *College and Career Readiness Assessments:* Developing assessments based on the new academic

standards is expected to take two years, with an additional one year phase-in period. The net additional cost is projected to be approximately \$27 M over the 2014-15 to 2016-17 school years, and \$600,000 annually thereafter. This analysis assumes that the State Board would initiate the development of the new assessments on or about July 1, 2014. Since the new assessments would not be fully implemented until the 2016-17 school year, it also assumes that an interim assessment would be administered in the 2015-16 school year.

The Budget Committee has to meet at least once during the two month period after the General Assembly adjourns and also upon the request of the chairman. It is assumed that the review of the proposed assessment program by the committee would not significantly delay the start of its development.

Under the bill, the new academic standards must comply with federal standards in order to receive a flexibility waiver. Current U.S. Department of Education guidelines require full implementation of a "college and career ready" assessment by the 2014-15 school year. This analysis assumes that the new academic standards would be implemented in the 2016-17 school year. As a result, the waiver would have to be granted for about two years. If the U.S. Department of Education refuses to grant the waiver, this could jeopardize some federal funding.

If the college and career readiness educational standards as envisioned by this bill are successfully implemented, it may result in the reduction of remediation costs at the post secondary level. In 2013, Ivy Tech Community College reported that it spent approximately \$40 M in remedial education for the 2011-12 school year. In future years, this expenditure could be substantially reduced.

#### Additional Information:

*College and Career Readiness Assessments:* According to a study completed by the Office of Management and Budget, approximately \$34.1 M is currently allocated to ISTEP+ and End of Course Assessments (ECAs). With the exception of the ISTEP+ exams in science and social studies for grades 4-7 and biology in grade 10, these assessments will be replaced by assessments based on the new academic standards. The additional cost associated with developing the new assessments is estimated to be approximately \$19.2 M over the 2014-15 and 2015-16 school years.

Under the bill, beginning with the 2015-16 school year, the Department, with State Board approval, can administer either the ISTEP assessment or a comparable assessment program that is aligned with the college and career readiness educational standards. During the 2015-16 school year, an interim assessment is estimated to cost approximately \$18.8 M. The cost of administering the ISTEP assessments in this year would be about \$15.9 M due to the discontinuation of ISTEP+ English/Language Arts and mathematics assessments. The net additional cost over the \$34.1 M allocated to the current assessments would be approximately \$600,000.

During the phase-in year, the 2016-17 school year, the new assessments are projected to be fully implemented at a cost of \$25 M. The cost of administering the ISTEP assessments in this year would be about \$15.9 M due to the scheduled discontinuation of ISTEP+ English/Language Arts and mathematics assessments. The net additional cost over the \$34.1 M allocated to the current assessments would be approximately \$6.8 M.

In 2017-18 school year and after, expenditures would include the ongoing cost of the new assessments (approximately \$25.2 M), and the cost of the ISTEP+ social studies and science exams which is estimated

to be approximately \$9.5 M. The net additional cost over the \$34.1 M allocated to the current assessments would be approximately \$600,000.

*College and Career Readiness Educational Standards:* This provision defines "college and career readiness educational standards" as standards that a high school graduate must meet to obtain the requisite knowledge and skill to transition without remediation to postsecondary education or training, and ultimately into a sustainable career.

HEA 1427-2013 requires Indiana to adopt college and career ready educational standards that meet federal guidelines no later than July 1, 2014. Under this provision, the educational standards must do the following:

- a. Meet national and international benchmarks for college and career readiness standards and be aligned with postsecondary educational expectations.
- b. Use the highest standards in the United States.
- c. Comply with federal standards to receive a flexibility waiver.
- d. Prepare Indiana students for college and career ready success, including the proper preparation for nationally recognized college entrance examinations such as the ACT and SAT.
- e. Maintain Indiana sovereignty.
- f. Provide strict safeguards to protect the confidentiality of student data.

The Department has organized and sought input from several committees comprising of educators of English/Language Arts and Mathematics, curriculum directors, higher education, the business community, and national experts. According to the time line presented to the State Board, the Department would conduct three public hearings in late February. In late March, the final draft of the academic standards for both mathematics and English/Language arts will be presented to the Education Roundtable, and in April, the Roundtable will make a recommendation of the standards to the State Board of Education.

### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** If the State Board decides to adopt a new assessment program, local school corporations may have to expend additional resources for professional and curriculum development, textbooks and instructional materials, and technology. Some corporations have been implementing the Indiana Common Core Standards (ICCS) since 2010. If the new standards are significantly different from ICCS, these corporations would have to forego the expenditures allocated to this effort.

The cost for professional development could be substantially reduced if online resources are used. The cost for curricular development materials would depend on how similar the new academic standards would be to the previous standards, and the length of the transition to the new standards which would lessen the impact. If textbooks have to be replaced, schools could incur textbook replacement costs. Textbooks are currently replaced on a schedule determined by the school corporation so if the replacement schedule could coincide with the implementation of the new standards, replacement costs could be substantially reduced. Concerning technology, the Department estimates that by the 2015-16 school year all schools would have online capability so any additional expenditures for technology would be minimal.

### **Explanation of Local Revenues:**

**State Agencies Affected:** State Board of Education; Department of Education; State Educational Institutions; State Budget Committee.

**Local Agencies Affected:** Local school corporations.

**Information Sources:** Indiana Common Core Implementation, Fiscal Impact Report, Indiana Office of Management and Budget, August, 2013; Indiana College- and Career-Ready Standards, December 20, 2013.

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